

May 12, 2008

Worksession**MEMORANDUM**

May 5, 2008

TO: County Council

FROM: Karen Orlansky, ^{Ko}Director
Office of Legislative Oversight

SUBJECT: **FY09 Operating Budget: Office of Legislative Oversight and
Independent Financial Audit Non-Departmental Account**

Management and Fiscal Policy Committee Recommendation:

Approve the Office of Legislative Oversight's FY09 budget and Independent Audit Non-Departmental Account as submitted by the Executive.

This memo outlines the FY09 operating budget request for the Office of Legislative Oversight and the FY09 request for the Independent Financial Audit NDA. The OMB staff member expected to attend the worksession is Helen Vallone. The relevant pages from the County Executive's Recommended FY09 Operating Budget are attached at ©1.

OFFICE OF LEGISLATIVE OVERSIGHT

For FY09, the Executive recommends total expenditures of **\$1,370,300** for the Office of Legislative Oversight, an increase of \$80,710 or 6.3%, over the FY08 approved budget. Personnel costs account for 94.3% of OLO's budget. The table below summarizes the changes from FY08 to FY09.

Category	FY07 Actual	FY08 Approved	FY09 CE Recommended	% Change FY08-FY09
Expenditures				
General Fund	\$1,072,291	\$1,289,590	\$1,370,300	6.3%
Personnel				
Full-time	10	11	11	No change
Part-time	1	0	0	No change

OLO's FY09 budget request is a same services budget. The table below itemizes the same services adjustments that total the \$80,710 requested increase in OLO's budget. All items are compensation-related increases for current employees, except for the \$6,360 increases in office operating expenses.

Identified Same Services Adjustments:	
General wage adjustment	\$48,050
Service increment adjustments	6,440
Annualization of FY08 personnel costs	5,610
Retirement adjustment	3,540
Group insurance adjustments	10,710
Annualization of FY08 operating expenses	4,110
OMB operating expense adjustments	2,250
NET SAME SERVICES ADJUSTMENT TOTAL	\$80,710

INDEPENDENT FINANCIAL AUDIT NON-DEPARTMENTAL ACCOUNT

The FY09 Independent Financial Audit NDA will fund the independent audit of the FY08 financial statements issued by the County Government and the Local Fire and Rescue Departments. On April 8, 2008, the County Council approved the first year of new contracts with Clifton Gunderson LLP for the audit of the County Government's financial statements; and Rager, Lehman & Houck, P.C. for the audits of the Local Fire and Rescue Departments' financial statements. The Council has the option of renewing these contracts for three additional one-year periods.

The Executive's FY09 Recommended Operating Budget includes **\$394,000** for the Independent Financial Audit NDA. The \$394,000 request represents **an increase of \$51,500 (13%)** from FY08. This amount reflects the new fees negotiated with the two audit firms and approved by the full Council, and allows for a reasonable contingency fund.

Attachments

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Legislative Oversight

MISSION STATEMENT

The mission of the Office of Legislative Oversight is to determine the effectiveness of legislation enacted by the County Council, and to make findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are appropriated or approved by the Council.

BUDGET OVERVIEW

The total recommended FY09 Operating Budget for the Office of Legislative Oversight is \$1,370,300, an increase of \$80,710 or 6.3 percent from the FY08 Approved Budget of \$1,289,590. Personnel Costs comprise 94.3 percent of the budget for 11 full-time positions for 11.3 workyears. Operating Expenses account for the remaining 5.7 percent of the FY09 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ ***A Responsive, Accountable County Government***

ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***Office of Legislative Oversight's FY08 Work Program includes nine new research and program evaluation projects, management of the Council's audit contracts, and follow-up from earlier studies.***
- ❖ ***Productivity Improvements***
 - ***Increased efficiency of obtaining comments on draft reports by changing from paper to electronic reviews.***
 - ***Reduced cost of OLO reports by making PDF versions available on our web page.***

PROGRAM CONTACTS

Contact Karen Orlansky of the Office of Legislative Oversight at 240.777.7990 or Helen Vallone of the Office of Management and Budget at 240.777.2755 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Legislative Oversight

The Office of Legislative Oversight (OLO) conducts program evaluations, base budget reviews, audits, and other special studies in accordance with a Council-approved work program. OLO studies the effectiveness of legislation enacted by the Council and makes findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are approved or appropriated by the Council. OLO is also the designated administrator for the Council's audit contracts, as required under Section 315 of the County Charter.

BUDGET SUMMARY

	Actual FY07	Budget FY08	Estimated FY08	Recommended FY09	% Chg Bud/Rec.
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	781,743	911,610	901,500	968,420	6.2%
Employee Benefits	263,239	305,590	310,060	323,130	5.7%
County General Fund Personnel Costs	1,044,982	1,217,200	1,211,560	1,291,550	6.1%
Operating Expenses	27,309	72,390	43,780	78,750	8.8%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	1,072,291	1,289,590	1,255,340	1,370,300	6.3%
PERSONNEL					
Full-Time	10	11	11	11	—
Part-Time	1	0	0	0	—
Workyears	10.9	11.1	11.1	11.3	1.8%

FY09 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY08 ORIGINAL APPROPRIATION	1,289,590	11.1
Other Adjustments (with no service impacts)		
Increase Cost: General Wage and Service Increment Adjustments	54,490	0.0
Increase Cost: Group Insurance Adjustment	10,710	0.0
Increase Cost: Annualization of FY08 Personnel Costs	5,610	0.2
Increase Cost: Annualization of FY08 Operating Expenses	4,110	0.0
Increase Cost: Retirement Adjustment	3,540	0.0
Increase Cost: Printing and Mail Adjustments	2,250	0.0
FY09 RECOMMENDED:	1,370,300	11.3

FUTURE FISCAL IMPACTS

Title	CE REC. FY09	FY10	FY11	(\$000's) FY12	FY13	FY14
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY09 Recommended	1,370	1,370	1,370	1,370	1,370	1,370
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	58	61	61	61	61
These figures represent the estimated cost of general wage adjustments, service increments, and associated benefits.						
Subtotal Expenditures	1,370	1,428	1,431	1,431	1,431	1,431

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	370,850	0.0
FY09 CE Recommended	370,850	0.0

Housing Opportunities Commission

The Housing Opportunities Commission is a public corporation established by Maryland law to act as a builder, developer, financier, owner, and manager of housing for people of low- and moderate- (eligible) income. The Commission also provides eligible families and individuals with affordable housing and supportive services.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	5,731,290	0.0
Increase Cost: Compensation Adjustment	309,950	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-600	0.0
FY09 CE Recommended	6,040,640	0.0

Inauguration & Transition

The Montgomery County Charter provides for the quadrennial election of a County Executive and County Council. This NDA provides for a ceremony and smooth transition of the County Executive and County Council every four years.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	0	0.0
FY09 CE Recommended	0	0.0

Independent Audit

Section 315 of the County Charter requires the County Council to contract with a Certified Public Accountant for an independent post audit of all financial records and actions of the County, its officials, and employees. By County Resolution, the Office of Legislative Oversight is the designated administrator for this contract, which also includes an independent audit of the basic financial statement of the Employee Retirement Plans; additional services related to reviews, tests, and certifications; and audits of tax-funded expenditures by the independent Fire and Rescue Corporations.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	342,500	0.0
Increase Cost: Annualization of FY08 Operating Expenses	51,500	0.0
FY09 CE Recommended	394,000	0.0

Interagency Technology, Policy, & Coordinating Comm.

This NDA supports the operation of the Interagency Technology, Policy, and Coordination Committee (ITPCC). The ITPCC was chartered by the Montgomery County Council to promote strategic planning and coordination in the use of information technology among County agencies. The ITPCC reports biannually to the County Council. By regularly convening the agencies' chief executive and chief information officers, the ITPCC provides an effective forum for the coordinated implementation of technology policies and guidelines. Additionally, the ITPCC facilitates interagency communication, the evaluation and sharing of new technologies, and advises policy makers on the strategic uses of technology.

FY09 Recommended Changes